**REMARKS**:

Claims 1-27 are in the case.

In reply to the Examiner's further restriction requirement, the Applicant elects

generic claims 1 and 5 plus the group of claims containing claims 11, 12 and 13.

This election is made subject to the Applicant's right to file one or more divisional

applications covering the non-elected claims, and with traverse to the extent that claims

that are generic to at least some of the non-elected claims might be found allowable in view

of the prior art, and particularly in view of Published Patent Application US2002/0063033

to Ben-Naim that was identified by the Examiner.

This reference teaches an apparatus and method for exchanging articles having

only one sensor for determining the nature of the article and for registering that deposit as

either a credit or to activate a return of a similar article, for example, the device can receive

a soiled pair of pants having a certain size, and dispense the same size pants or a token

for the user to retrieve the same sized pants later.

Claim 5 utilizes two separate operations, one reading and one sensing, which is

believed to have no counterpart in the Ben-Naim teaching which has only one reading or

sensing operation. Claims 11, 12 and 13 further distinguish the invention over the prior art.

Entry of this further election and favorable action is respectfully requested.

Dated: March 14, 2008

Respectfully submitted, /PETER C MICHALOS/

Peter C. Michalos Attorney for Applicant Reg. No. 28,643

(845) 359-7700

PCM:kt

**NOTARO & MICHALOS, P.C.** 

100 Dutch Hill Road, Suite 110

Orangeburg, NY 10962-2100

**CUSTOMER NO. 21706** 

2